

Message Text

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ACTION NEA-10

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 EB-08 ISO-00
SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00
DOE-11 H-01 INR-10 INT-05 L-03 NSAE-00 NSC-05
OMB-01 PM-05 USIA-06 OES-07 SP-02 SS-15 STR-07
ACDA-12 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 /172 W
-----084820 130008Z /65

R 121307Z MAR 78

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 1363

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

USLO RIYADH

AMEMBASSY TEHARN

AMEMBASSY TOKYO

AMEMBASSY VIENNA

DEPT OF TREAS WASHDC

C O N F I D E N T I A L JIDDA 1904

E.O. 11652: GDS

TAGS: ENRG, EFIN, OPEC, SA

SUBJECT: SAUDIS ON OIL PRICING AND THE DOLLAR

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REF: (A) JIDDA 895 (NOTAL) (B) KUWAIT 1407

1. DEPUTY MINISTER OF PETROLEUM AL TURKI, WHO IS ALSO
CURRENT CHAIRMAN OF OPEC BOARD, TOLD EMBOFF MARCH 10
THAT OPEC CONSULTATIVE MEETING IN GENEVA -- IF HELD --
WILL NOT DEAL WITH ISSUE OF DOLLAR-OIL PRICE LINK.

PURPOSE OF MEETING WOULD BE LIMITED TO STUDY OF VENEZUELAN PROPOSAL TO INCREASE PRICE AND DEDICATE PORTION OF INCREASED REVENUES TO POOREST LDC'S, HE SAID. (HE COMMENTED THAT PROPOSAL SEEMED DESIGNED TO "HELP VENEZUELA POLITICALLY AT EXPENSE OF OPEC.")

2. ABOVE TENDS TO SUPPORT KUWAIT NEWS REPORTS (FOLLOWING VISIT HERE OF MINFIN ATEEGY) THAT SAUDIS HAVE NOT YET TAKEN POSITION ON QUESTION OF CHANGING OIL PRICING TO SDR OR OTHER BASIS. AL TURKI HAS NONETHELESS CONTINUED TO VOICE SAG CONCERN OVER FALLING VALUE OF DOLLAR, AND TO INDICATED POSSIBLE OPEC ACTION. IN MARCH 6 STATEMENT TO AL RIYADH NEWSPAPER, HE SAID THAT "OPEC WILL NOT DOUBT TAKE APPROPRIATE ACTION TO PROTECT THE INTERESTS OF ITS MEMBERS" IF DOLLAR APPEARS LIKELY TO CONTINUE FALLING, AND THAT EXTRAORDINARY OPEC CONFERENCE WAS BEING CONSIDERED TO DEAL WITH DOLLAR ISSUE. HE NOTED TO EMBOFF THAT HE WAS SPEAKING IN THIS CASE AS SAUDI AND NOT OPEC OFFICIAL. HE ASCRIBED FALL OF DOLLAR TO DELIBERATE U.S. POLICY, IMPORTANT ELEMENT OF WHICH HE CLAIMED IS EFFORT TO REDUCE SURPLUSES OF OPEC STATES.

3. AL TURKI AND OTHER SAG OFFICIALS HAVE ON OTHER HAND CONTINUED TO TAKE PAINS TO POINT OUT THAT SAG CONFIDENTIAL

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NOT CONSIDERING ACCEPTING ITS OIL PAYMENTS IN CURRENCIES OTHER THAN DOLLAR. MIN FINANCE ABA AL KHAYL, ALSO IN INTERVIEW WITH NEWSPAPER, NOTED THAT DOLLAR'S FALL HAD CAUSED LOSSES TO SAG, BUT THAT NO OTHER CURRENCY COULD TAKE ITS PLACE. HE ADDED THAT OIL-PRODUCING STATES OF THE GULF SHOULD HELP SUPPORT DOLLAR AND CREATE CONDITIONS FOR A RECOVERY OF ITS VALUE. ABA AL KHAYL SUBSEQUENTLY, IN REACTION TO PRESS REPORTS, WAS OBLIGED TO CLARIFY THAT SAG DOES NOT PLAN TO JOIN INTERNATIONAL EFFORT TO SUPPORT DOLLAR.

WILEY

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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